

*Federal Communications Commission -
ETC Compliance Plan*

October 1, 2009



OVERVIEW

- Virgin Mobile USA, L.P. (Virgin Mobile) requests that the Commission expeditiously approve its Lifeline compliance plan to enable the company to commence much-needed Lifeline services as soon as possible.
- Virgin Mobile's plan fully satisfies the requirements of the Commission's grant of Eligible Telecommunications Carrier (ETC) designation and has been pending at the Commission for nearly six months.
- The Commission's failure to act on Virgin Mobile's compliance plan is incongruous with its stated desire to increase participation in the Lifeline program.



VIRGIN MOBILE USA

- Since commencing service in 2002, Virgin Mobile has become the sixth largest wireless carrier in the United States with approximately 5 million customers.
- Many Virgin Mobile customers are from lower-income households that previously lacked access to an attractive wireless service.
 - 35% of Virgin Mobile's customers have annual household incomes below \$35,000.
- The pending acquisition by Sprint Nextel will allow the company to access Sprint's network ownership economics, cost structure and scale, enabling it to offer a broader range of attractive prepaid wireless products and services.



PREPAID SERVICES PROVIDE SIGNIFICANT COMPETITION

- Prepaid providers and service plans are a critical source of increasing competition and growth in the wireless market, especially for lower-income customers who have not previously accessed wireless service.
- Many analysts believe that a significant portion of the future growth in the wireless market will come from prepaid services.
 - The Yankee Group has estimated that the number of prepaid wireless customers in the United States will grow to approximately 53 million by 2011.
 - The FCC, itself, noted in its Thirteenth Report on the status of competition in the wireless market that “prepaid plans are considered a good way to increase penetration rates”

VIRGIN MOBILE LIFELINE - BACKGROUND

- In December 2007, Virgin Mobile filed a Petition for Forbearance from the ETC facilities-based requirement.
- The company also filed requests for ETC designation in December 2007 (New York and Virginia) and April 2008 (North Carolina and Tennessee).
- The FCC approved the company's forbearance and ETC requests in a March 2009 Order, determining that Virgin Mobile's prepaid service offerings are ideally suited to serve Lifeline customers.
- The Commission conditioned the grant of ETC designation on Virgin Mobile's compliance with certain conditions aimed at enhancing customers' access to public safety services and preventing misuse of Lifeline service.



VIRGIN MOBILE LIFELINE – BACKGROUND (cont'd)

- On April 3, 2009, Virgin Mobile filed a plan detailing the procedures the company would undertake to satisfy the ETC grant conditions.
- In accordance with the conditions, the compliance plan ensures that Lifeline customers will have meaningful access to emergency services:
 - All customers will receive 911 and E-911 services upon commencement of Lifeline service and without regard to the availability of prepaid minutes or change in activation status.
 - New customers will receive E-911 compliant handsets and, when necessary, existing customers will receive replacement compliant handsets at no additional charge.
 - Virgin Mobile will confirm the availability of E-911 services and obtain the requisite PSAP certifications prior to launch in a market.



VIRGIN MOBILE LIFELINE – BACKGROUND (cont'd)

- The compliance plan also safeguards against misuse of Lifeline services by ineligible customers:
 - Customers will complete an application via the company customer care number, which will be mailed to each customer for signature.
 - The application's certification will require each applicant to attest under penalty of perjury that the applicant meets the relevant eligibility criteria.
 - Applicants must provide their name, address and alternate telephone number during the activation process to enable Virgin Mobile to confirm that an account has not already been activated for that address or individual.
 - Prior to the service anniversary date, each customer will be required to confirm continued eligibility for Lifeline services.
 - Receipt of a customer's annual verification will be a prerequisite for continued eligibility for Lifeline service.



VIRGIN MOBILE LIFELINE - OFFERING

- Minutes: 100 anytime minutes.
 - \$0.20/additional minute.
 - \$0.10/text message.
- Price: Free to eligible customers.
- Extras: Free voice mail, call waiting, etc.
- Handset: Standard retail rates; free refurbished handset.
- Long-Term Contract: None.



VIRGIN MOBILE LIFELINE - OUTREACH

- Virgin Mobile will implement the FCC's guidelines for outreach efforts to increase awareness of its Lifeline offer:
 - Social Service Agencies:
 - Target locations where consumers receive benefits that make them eligible for Lifeline.
 - Coordinate efforts with public and private assistance organizations.
 - Develop outreach efforts for non-English speaking consumers.
 - Retail:
 - Increase awareness of Lifeline offer at existing third-party retail outlets through brochures, starter guides, etc.
 - Existing Customers:
 - Raise customer awareness of Lifeline offer through targeted marketing (e.g., SMS, email).



VIRGIN MOBILE LIFELINE – CONSIDERATIONS

- Virgin Mobile's prompt participation in the Lifeline program will serve the interests of its lower-income customers—the same customers the USF program was designed to benefit.
- As the FCC itself determined in granting the company forbearance and ETC designation, Virgin Mobile's prepaid service offerings are ideally suited to serve these customers with reliable and affordable service.
- The affordability of wireless services has become a challenge for many lower-income customers in these difficult economic times.
 - Many existing wireless customers have to forego wireless services because they can no longer afford them.
 - Major postpaid carriers tightening credit standards, squeezing out lower-income customers.



CONCLUSIONS

- Virgin Mobile's Lifeline compliance plan fully satisfies the requirements of the Commission's grant of ETC designation.
- Rapid grant of Virgin Mobile's pending Lifeline compliance plan will enable the company to quickly commence Lifeline service, helping to bridge the affordability gap to wireless services for many lower-income customers.
- Continued delay in approving Virgin Mobile's Lifeline compliance plan will harm lower-income customers by preventing them from accessing Lifeline-supported wireless services.

